



Senator Feinstein's Statement on
President Bush's \$2.77 Trillion FY2007 Budget
February 6, 2006

"The President's budget reflects priorities that are out-of-step with the significant challenges faced by most Americans. Billions of dollars are being cut from important domestic programs, forcing seniors, children and the poor to bear the heaviest burden, while tax breaks would be made permanent for the wealthiest Americans, further contributing to ballooning budget deficits.

With the deficit projected to hit an all-time high of \$423 billion in 2006, the President's new spending plan projects a \$354 billion deficit for 2007. But this relatively minor improvement does not include the cost of the war in Iraq and Afghanistan – estimated at \$120 billion in 2006 alone -- nor does it include the cost of making his tax cuts permanent, which would cost more than \$1.3 trillion over the next decade. We cannot afford to continue down this path of fiscal irresponsibility.

Overall, President Bush has presided over the greatest fiscal reversal in our nation's history – leading us from a \$5.6 trillion 10-year budget surplus when he took office to a projected \$1.6 trillion projected debt at the end of five years, based on the new budget.

Also troubling is the President's continuing efforts to establish a privatization plan for Social Security, which has attracted widespread opposition in Congress and across the country. The President lists this plan as an initiative in his budget at a cost of \$82 billion for its first two years and \$172 billion over seven years, but he did not include these costs in his projection of future deficits.

President Bush proposed saving about \$15 billion in fiscal 2007 by eliminating or significantly reducing 141 discretionary programs, and \$65 billion over five-years by trimming the growth of entitlement programs, including \$36 billion from Medicare. Some of the most egregious cuts are in health care:

Health Care - Cancer

After fulfilling the goal of doubling the budget of the National Institutes of Health (NIH) over 5 years and then supporting the first cut to NIH's budget since 1970, the President's budget essentially guts the progress made at NIH after the budget doubling. By flat funding NIH at \$28.4 billion, the President's budget will result in hundreds of grants without adequate funding to complete their multi-year grant cycle and will significantly reduce the number of new, non-biodefense grants funded. In constant dollars, NIH funding has declined by more than \$1 billion since 2003.

With all of the advances in new targeted cancer therapies, such as Gleevec which target bad cancer cells leaving good ones unharmed, I am deeply concerned that this budget sets us back years in the war on cancer. Last September, 91 Senators joined me in writing President Bush in support of this Administration's goal through the National Cancer Institute to eliminate cancer death and suffering by 2015. Yet, the budget calls for a \$40 million cut to the National Cancer Institute.

Medicare

At a time when millions of seniors across the country are struggling with the complex array of Medicare prescription drug plan options, now is not the time to cut Medicare. In California alone, seniors have more than 110 prescription drug plans to choose from. Rather than cutting Medicare by \$36 billion over 5 years, this President should have directed some of that money to immediately repay states, pharmacies and Medicare beneficiaries, in full, for costs they have absorbed as a result of the messy and problem-ridden implementation of the new Medicare drug benefit. California has spent more than \$15 million (with the authority to spend up to \$150 million) of its own money so that no senior or disabled person in California goes without his or her drugs because the Bush Administration did not adequately plan for the transition of these individuals from Medicaid to Medicare.

While I believe that hardworking tax-payers should not have to pay so that a millionaire gets a subsidy for his or her Medicare Part B premium and fought for a provision to ensure Medicare recipients in the highest income categories paid a fair share for their Part B premium on the Senate floor during debate on the Medicare Modernization Act, I believe we need more details on exactly how the President's budget proposes to expand on this provision. While something must be done to reign in entitlement spending to ensure programs like Medicare and Social Security are around for our grandchildren, the budget does not reflect the reality seniors across the nation face today, which is complete confusion, denial of lifesaving drugs at the pharmacy counter, and states budget being driven further in the hole to make up for poor planning and inadequate foresight on the part of the Bush Administration.

HIV/AIDS Funding

The President's budget calls for an additional \$188 million to states, faith-based and community organizations to combat the spread of HIV/AIDS, with an emphasis on minority communities. I look forward to a more precise explanation of how these funds will be allocated. It is my hope that this new money will go to states with this highest number of HIV/AIDS cases, with acknowledgement that the CDC's HIV surveillance system does not include HIV cases for states such as California because of its non-names based reporting system. No one living with HIV or AIDS in this country should be forced on a waitlist where they may or may not receive their needed medicines and I believe we need to take a good, hard look at why states have a waiting list to begin with. States with high numbers of HIV/AIDS cases, who do a good job negotiating for lower HIV/AIDS drug prices, and/or have a comprehensive Medicaid drug program, should not be penalized under the President's HIV/AIDS initiative.

Health Savings Accounts

There are now 46 million people in America without health insurance, but the President's budget proposal to expand Health Savings Accounts (HSAs) would help few, if any, of these people. Most of them cannot afford to save and the President's plan fails to address how they would get some kind of coverage.

HHS Programs Cut

The bottom line is that the President's tax cuts have forced the nation into a situation where discretionary health and social services programs for poor people, women and children are being sacrificed so that the wealthiest Americans can get a tax break. Once again, the budget eliminates the Preventive Health Services Block Grant which funds Emergency Medical Services across the state of California; several Title VII health professions programs such as the Health Careers Opportunity Program and Training in Primary Care Medicine and Dentistry; the Emergency Medical Services for Children program which provides funding to California emergency departments to treat pediatric patients; the Community Service Block Grant which helps Californians move from poverty to self-sufficiency through job training, housing and education.

Education

There is some good news, but also a lot of bad news concerning education. The President budgets more than \$380 million for math and science education, including funding to train 70,000 new high school teachers over the next five years to lead advanced math and science courses for low-income students and to encourage up to 30,000 math and science professionals to become adjunct high school teachers over the next eight years. But the budget eliminates 42 education programs, for a total of nearly \$3.5 billion. A number of programs important to California are eliminated, such as:

- \$1.3 billion for Vocational Education programs that serve over 3.2 million California students.
- \$272 million for Educational Technology State Grants that help states and school districts with technology funding for student and teacher training and needed equipment.
- Eliminates important college readiness programs for low-income students: \$303 million for the GEAR UP program that serves about 155,259 California students and \$456 million for selected TRIO programs that serve over 69,565 California students.
- \$99 million for Even Start literacy programs that help disadvantaged children and their parents increase their English skills

The President's budget freezes funding for Title I grants to school districts serving low-income students at \$12.7 billion, even though the authorization level rises by \$2.25 billion, to \$25 billion. As a result, 29 States are projected to lose Title I funding in FY07, including California which would lose \$5 million. This is at a time when school districts are already facing major funding challenges to meet the requirements of No Child Left Behind.

The President's budget also leaves behind 3.7 million students, including 511,319 in California who could be fully served by Title I if the program were funded at the level promised by No Child Left Behind. Title I funding is the anchor of federal assistance to virtually every

school district in the country to serve children attending schools with high concentrations of low-income students, from preschool to high school. It is truly unacceptable that this critical program continues to be underfunded.

Nuclear Weapons

Some good news -- the budget request does not contain funding for the Robust Nuclear Earth Penetrator and the Modern Pit Facility and maintains time to test readiness posture at 24 months. Congress has repeatedly made clear that it will not support efforts to develop new nuclear weapons that will re-open the nuclear door and only serve to encourage the very nuclear proliferation we are trying to prevent. While I applaud these moves, I will keep a close eye on the Reliable Replacement Warhead program, which the DOE describes as an effort ‘to identify designs that will sustain long term confidence in a safe, secure, and reliable stockpile anable transformation to a responsive nuclear weapons infrastructure.’ In my view, there is a big difference between a program that improves the reliability of existing warheads and one that leads to the fielding of weapons with new military capabilities and new rounds of nuclear testing.

Energy

The President rightly pointed out in his State of the Union address that ‘America is addicted to oil...The best way to break this addiction is through technology.’ Yet in the budget, the President is not going to fund breakthrough technologies, he simply is going to bring us back to the funding levels of the Clinton Administration. The President has requested \$1.176 billion for the Energy Efficiency and Renewable Energy programs in the Department of Energy. That is the same amount that was appropriated in Fiscal Year 2001.

While the programs he delineated in the State of the Union received increases, they are not significant enough to break America’s oil habit. Under the Energy Efficiency and Renewable Energy program the President requests:

- \$43.8 million for wind energy—an increase of \$5 million over the FY06 appropriated amount, and a \$4 million increase over the FY01 appropriation.
- \$148 million for the “Solar America Initiative”—an increase of \$40 million over the FY01 budget (and an increase of \$65 million over FY 06)
- \$166 million for Vehicle Technologies (a reduction of \$16 million from FY06)
- He has zeroed out funding for geothermal programs—which is really unfortunate because geothermal energy is a reliable, affordable source of clean energy.

The President requested \$289 million for his hydrogen initiative from different departments within the Department of Energy and also from the Department of Transportation. This request is about \$70 million lower than what was authorized in the Energy Bill for this program (\$360 million for FY07).

The President still continues to refuse to do anything substantive on climate change despite the danger our planet faces. A voluntary program like his Administration has proposed isn’t going to fix the problem, especially not one that only has \$5 million from the United States behind it. And once again, his budget proposes opening the Arctic National Wildlife Refuge to oil drilling despite strong opposition.

Upon early review, there is mixed news in terms of the spending priorities and the impact of the Budget on Californians.

SCAAP

The President proposes to entirely eliminate categorical funding for the **State Criminal Alien Assistance Program (SCAAP)**. This has also happened for the last few years, and each time Congress has recognized the importance of the program and added funding (\$405 million for fiscal year 2006). Without such funding, states will not be reimbursed their share of incarcerating undocumented criminal aliens. So the cutback would hurt California far more than any other state because an estimated 40 percent of the criminal aliens reside in California.

Illegal immigration is the responsibility of the federal government. But states and localities have been forced to shoulder the costs associated with incarcerating undocumented criminal aliens. I am concerned that year after year the President seeks to eliminate this program

Levees and Flood Control

The President's proposal provides \$163.71 million for flood control projects in the State of California. There is good news and bad news in this request. The good news is that there is solid funding for protecting the City of Sacramento from a catastrophic flood. The President's request fully funds the Army Corps of Engineers' \$46.8 million capability for modifications to Folsom Dam and to the levees along the American River. The President's request also includes \$7.313 million for South Sacramento County Streams, and \$10.96 million for Sacramento River Bank Protection.

There is also significant funding for two other important California flood control projects:

- Santa Ana River mainstem, \$54.08 million
- Success Dam (dam safety), \$25 million

The bad news is that the President's request provides little or insufficient funding for most other flood control projects outside of the Sacramento area:

I am profoundly disappointed that there is zero funding for Delta levee restoration. We absolutely need to strengthen the levees in the Delta, to prevent a catastrophic flood that would cut off water supply to the San Joaquin Valley and southern California.

I am equally disappointed that there is only \$9 million for Napa's flood control project, as compared to the Corps' capability of \$31 million and the only other California flood control projects receiving Corps funding are the following:

- Los Angeles County Drainage Area, \$5.564 million
- Guadalupe River, \$5 million

While California has avoided a Hurricane Katrina-type disaster, its levees and flood control systems must be strengthened in order to adequately protect lives, property, and the state's vibrant economy. A major levee breach could imperil hundreds of thousands of people and endanger most of the State's water supply.

CALFED

The President has proposed increasing the **CALFED** funding in the Bureau of Reclamation's CALFED account to \$38.6 million from the \$37 million enacted in FY 2006, a 4.3% increase. This is particularly good news given that the President has proposed an overall decline in the Bureau of Reclamation's budget. The funding levels are positive for most of the important CALFED categories, including storage studies, the environmental water account, science and study of the Delta smelt.

There are just two significant areas with declines: First, there is zero funding for the CALFED levee authorization for Delta levee restoration. I will make an effort to appropriate some significant funding for actual levee restoration work, once the Corps' 180-day study is completed later this spring. Second, there is a decrease from \$52.2 million to \$41.5 million in CVPIA Restoration Fund appropriations, which goes for ecological restoration. While this decline may have been caused by the way Restoration Fund appropriations are calculated rather than by a discretionary decline in funding, I am concerned about the reduced funding for environmental restoration.

Defense - C-17 Transports

I am deeply disappointed by the Pentagon's plan to halt production of the C-17 transport after purchasing a total of 180 aircraft through 2008. Under the President's FY07 budget request, the Air Force would purchase 8 aircraft to complete the fleet at 180, while also proceeding with plans to shut down the C-17 line.

Up until his retirement in September 2005, the head of the Air Force's Transportation Command, General John Handy, repeatedly stated that 42 additional C-17s were needed for strategic lift requirements. And in September 2005, General Handy's assertions were seconded by the Pentagon's Defense Science Board in a report assessing the military's mobility capabilities.

The recent assertions by Pentagon officials that upgraded C-5s and new tankers can replace 42 additional C-17s are truly puzzling. The C-17 is the most versatile and valuable transport aircraft in our military today – flying 70 percent of the cargo missions in Iraq. With its in-flight refueling ability, only the C-17 is capable of carrying virtually any load anywhere around the globe and landing on almost any type of airstrip. Our future troop mobility, equipment and supply transport, and response to humanitarian missions are contingent on the capabilities of maintaining a large C-17 transport fleet.”